

**Glen Arbor Township**

*Leelanau County, Michigan*

*Audited Financial Statements*

*For the Year Ended March 31, 2004*

# Auditing Procedures Report

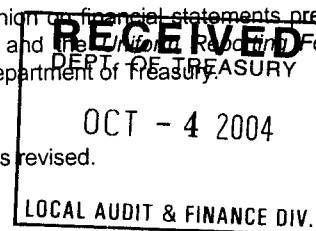
Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Glen Arbor TWP</b>	County <b>Leelanau</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/8/04</b>	Date Accountant Report Submitted to State: <b>9/30/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>J L Stephan Co, PC</b>			
Street Address <b>862 E. Eighth St.</b>	City <b>Traverse City</b>	State <b>MI</b>	ZIP <b>49686</b>
Accountant Signature <i>John P. Monroe CPA</i>		Date	

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INTRODUCTORY SECTION

**Glen Arbor Township**  
*Comments & Recommendations*  
*March 31, 2004*

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We have examined the financial statements of Glen Arbor Township as of and for the year ended March 31, 2004 and issued our report dated September 8, 2004. As part of our examination, we studied and evaluated the Township's internal control structure. Because the study and evaluation were only part of the overall audit plan regarding the financial statements, it was not intended to be a complete review of all of your accounting procedures and, therefore, would not necessarily disclose all weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of the Township taken as a whole.

We noted certain matters involving the internal control structure and its operation that we consider being reportable conditions under standards established by the AICPA. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment could adversely affect the unit's ability to record, process, summarize, and report data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

We noted the following reportable conditions that we believe to be material weaknesses.

*Fund Balance*

We noted a minimum of 10 entries made to the General Fund fund balance. As a result, the General Fund was out of balance by approximately \$93,000 and significant time was required to analyze and correct the balance. We strongly recommend absolutely no journal entries be made to fund balance without auditor approval or consultation. We also recommend procedures be established to ensure no changes are made to beginning fund balance.

*Journal Entries*

It appears both the Clerk and Treasurer post journal entries. Numerous entries were made to fund balance or other type of equity account with no support. We also noted journal entries were made in the general ledger in an attempt to record changes in budgeted amounts. In general, we found no evidence of support for any journal entries. We strongly recommend journal entries be posted by one person, usually the Clerk. We also recommend journal entries be recorded and posted in accordance with the Michigan Uniform Accounting Procedures as detailed in chapter 7. All journal entries, support and approval should be kept in a notebook.

**Glen Arbor Township**  
*Comments & Recommendations*  
March 31, 2004

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The following are reportable conditions that are not believed to be material weaknesses.

*Budget*

We were not provided with the budget adopted by the Township Board. A copy of the adopted budget signed by the Clerk and Supervisor should be included in the master budget file, attached to the minutes of the meeting at which the budget was adopted or attached to the resolution for the General Appropriations Act. The budget amounts provided by the Clerk were from accounting system with no evidence of approval by the board.

*Financial Reports*

We noted the Clerk does not print hard copies of monthly financial reports. We strongly recommend monthly reports such as a receipts journal, disbursements journal, trial balance, general ledger, balance sheets and statements profit & loss be printed and cross-referenced to confirm agreement.

Additionally, it appears the Clerk does not tie out balance sheet accounts on a monthly basis. As a matter of course, all balance sheet accounts should be reviewed and analyzed on a monthly basis to ensure balances are reasonable and correct.

*Payroll*

It appears federal 941 payroll reports are not being cross-referenced and tied out with the actual payroll reports. Additionally, it appears payroll liability payments are not being tied out and cross-referenced with payroll reports, federal 941 reports and state payroll reports. However, we noted marked improvement in this area from the prior year.

In a continuing effort to enhance internal control and improve the accounting system, financial reporting, and overall management, we offer the following comments and recommendations that we do not consider being reportable conditions.

*Chart of Accounts*

We recommend the Township modify its chart of accounts to conform to the Michigan Department of Treasury Uniform Chart of Accounts for Local Units of Government.

*Tax Account*

We recommend the tax account be zeroed out before the end of the fiscal year and before the start of the tax collection cycle each year.

*Invoices*

Paid invoices are generally kept in good order with check vouchers attached to the corresponding invoices. However, we noticed instances where payments were made from vendor statements and not specific invoices. We recommend payments be made from invoices only and use vendor statements to reconcile invoices paid or outstanding.

**Glen Arbor Township**  
*Comments & Recommendations*  
*March 31, 2004*

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Capitalization Policy

We noted many monetarily small amounts posted to capital outlay accounts. The clerk indicated there is a capitalization policy, however, it appears the policy is not followed. Capital outlay accounts should only be used for expenditures for fixed asset additions or material improvements to fixed assets. Amounts under the capitalization threshold should be posted to another expenditure such as supplies or repairs and maintenance.

GASB 34

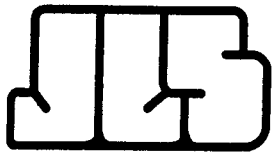
The Township is required to adopt GASB 34 and adhere to its requirements for fiscal year ending March 31, 2005. We recommend the Township Board familiarize itself with the general requirements of the pronouncement and contact us with questions regarding conversion to this new pronouncement.

Closing Comments

We will be happy to discuss any of these recommendations with you and assist you in their implementation. As a matter of course, we will forward the necessary copies of this audit report to the State Treasury Department. We further appreciate the courtesy extended our field auditors in the conduct of this audit engagement. Should any questions arise on these financial statements or our audit, please call upon us.

FINANCIAL SECTION





# J L Stephan Co PC

## Certified Public Accountants

Jerry L. Stephan, CPA  
John P. Morse, CPA

Marty Szasz, CPA  
David Skibowski, Jr., CPA

### INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Glen Arbor Township  
Glen Arbor, MI 49636

We have audited the accompanying general-purpose financial statements of Glen Arbor Township, Leelanau County, Michigan, as of and for the year ended March 31, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the Township's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenue and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Glen Arbor Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with the modified cash basis of accounting.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information listed as Supplemental Data in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Glen Arbor Township. This information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*J L Stephan Co., PC*

September 8, 2004

**Glen Arbor Township**  
 Combined Balance Sheet  
 Modified Cash Basis  
 All Fund Types and Account Types  
 March 31, 2004

Exhibit A

	Governmental Fund Types			Fiduciary Fund Types		Account Group			Totals (Memo Only)
	General Fund	Special Revenue	Debt Service	Current Tax Collection	General Fixed Assets	Long-Term Debt			
<b>Assets</b>									
Cash & Cash Equivalents	\$ 368,810	\$ 449,120	\$ 217,899	\$ 315,308	\$ -	\$ -			\$ 1,351,137
Taxes Receivable	-	-	-	-	-	-			-
Due from Other Units	-	-	-	-	-	-			-
Due from Other Funds	37,394	31,053	13,410	-	-	-			81,857
General Fixed Assets	-	-	-	-	3,774,573	-			3,774,573
Amount to be Provided for Debt	-	-	-	-	-	1,883,070			1,883,070
<b>Total Assets</b>	<b>\$ 406,204</b>	<b>\$ 480,173</b>	<b>\$ 231,309</b>	<b>\$ 315,308</b>	<b>\$ 3,774,573</b>	<b>\$ 1,883,070</b>			<b>\$ 7,090,637</b>
<b>Liabilities and Fund Equity</b>									
<b>Liabilities</b>									
Accounts Payable	\$ 9,865	\$ -	\$ -	\$ -	\$ -	\$ -			\$ 9,865
Payroll Taxes Payable	(264)	-	-	-	-	-			(264)
Due to Other Funds	-	-	-	81,857	-	-			81,857
Due to Other Units	-	-	-	233,451	-	-			233,451
Due to Others	-	-	-	-	-	-			-
Bonds Payable	-	-	-	-	-	-			-
Notes Payable	-	-	-	-	-	1,760,000			1,760,000
Capital Lease Payable	-	-	-	-	-	123,070			123,070
<b>Total Liabilities</b>	<b>9,601</b>	<b>-</b>	<b>-</b>	<b>315,308</b>	<b>-</b>	<b>1,883,070</b>			<b>2,207,979</b>
<b>Fund Equity</b>									
Investment in General Fixed Assets	-	-	-	-	3,774,573	-			3,774,573
Fund Balances - Undesignated	396,603	480,173	231,309	-	-	-			1,108,085
<b>Total Fund Equity</b>	<b>396,603</b>	<b>480,173</b>	<b>231,309</b>	<b>-</b>	<b>3,774,573</b>	<b>-</b>			<b>4,882,658</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 406,204</b>	<b>\$ 480,173</b>	<b>\$ 231,309</b>	<b>\$ 315,308</b>	<b>\$ 3,774,573</b>	<b>\$ 1,883,070</b>			<b>\$ 7,090,637</b>

See Accompanying Notes to Financial Statements

# Glen Arbor Township

Exhibit B

## Combined Statement of Revenues, Expenditures and Changes in Fund Balance

Modified Cash Basis

All Governmental Fund Types

For the Year Ended March 31, 2004

	General Fund	Special Revenue Funds	Debt Service Fund	Totals (Memo Only)
<i>Revenues</i>				
Taxes	\$ 212,186	\$ 269,150	\$ 112,011	\$ 593,347
Licenses & Permits	3,200	-	-	3,200
State Shared Revenue	60,611	-	-	60,611
Charges for Services	13,856	117,663	-	131,519
Interest & Rentals	3,691	3,083	7,580	14,354
Other Revenues	22,858	1,374	-	24,232
<i>Total Revenues</i>	316,402	391,270	119,591	827,263
<i>Expenditures</i>				
General Government	242,622	-	-	242,622
Public Safety	-	389,611	1,446,463	1,836,074
Public Works	45,561	5,130	-	50,691
Community & Economic Dev.	41,965	-	-	41,965
Recreation & Culture	23,004	-	-	23,004
Other Functions	7,808	-	-	7,808
Debt Service	-	-	-	-
<i>Total Expenditures</i>	360,960	394,741	1,446,463	2,202,164
<i>Excess Revenues(Expenditures)</i>	(44,558)	(3,471)	(1,326,872)	(1,374,901)
<i>Other Financing Sources (Uses)</i>				
Proceeds from Debt	-	3,761	-	3,761
Operating Transfers In	985	-	-	985
Operating Transfers (Out)	-	(985)	-	(985)
<i>Total Other Financing Sources (Uses)</i>	985	2,776	-	3,761
<i>Excess Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	(43,573)	(695)	(1,326,872)	(1,371,140)
<i>Fund Balance</i>				
Beginning of Year	451,748	496,396	1,564,551	2,512,695
Prior Period Adjustment	(11,572)	(15,528)	(6,370)	(33,470)
<i>End of Year</i>	<u>\$ 396,603</u>	<u>\$ 480,173</u>	<u>\$ 231,309</u>	<u>\$1,108,085</u>

See Accompanying Notes to Financial Statements

# Glen Arbor Township

Exhibit C

## Combined Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Modified Cash Basis General and Special Revenue Fund Types For the Year Ended March 31, 2004

	General Fund			Special Revenue Funds		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 189,300	\$ 212,186	\$ 22,886	\$ 251,220	\$ 269,150	\$ 17,930
Licenses & Permits	1,700	3,200	1,500	-	-	-
State Shared Revenue	62,480	60,611	(1,869)	-	-	-
Charges for Services	8,020	13,856	5,836	9,000	117,663	108,663
Interest & Rentals	4,500	3,691	(809)	1,500	3,083	1,583
Other Revenue	8,050	22,858	14,808	1,000	1,374	374
<b>Total Revenues</b>	<b>274,050</b>	<b>316,402</b>	<b>42,352</b>	<b>262,720</b>	<b>391,270</b>	<b>128,550</b>
<b>Expenditures</b>						
General Government	309,541	242,622	66,919	-	-	-
Public Safety	-	-	-	395,857	389,611	6,246
Public Works	45,650	45,561	89	-	5,130	(5,130)
Community & Economic Development	43,715	41,965	1,750	-	-	-
Recreation & Culture	26,550	23,004	3,546	-	-	-
Other Functions	18,700	7,808	10,892	-	-	-
Debt Service	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>444,156</b>	<b>360,960</b>	<b>83,196</b>	<b>395,857</b>	<b>394,741</b>	<b>1,116</b>
<b>Excess Revenues (Expenditures)</b>	<b>(170,106)</b>	<b>(44,558)</b>	<b>125,548</b>	<b>(133,137)</b>	<b>(3,471)</b>	<b>129,666</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Debt	-	-	-	-	3,761	3,761
Operating Transfers In	-	985	(985)	-	-	-
Operating Transfers (Out)	-	-	-	-	(985)	985
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>985</b>	<b>(985)</b>	<b>-</b>	<b>2,776</b>	<b>(2,776)</b>
<b>Excess Revenues &amp; Other Sources Over (Under)</b>						
<b>Expenditures &amp; Other Uses</b>						
Fund Balance - Beg. of Year	\$ (170,106)	(43,573)	\$ 124,563	\$ (133,137)	(695)	\$ 132,442
Prior Period Adjustment		451,748			496,396	
		(11,572)			(15,528)	
<b>Fund Balance - End of Year</b>		<b>\$ 396,603</b>			<b>\$ 480,173</b>	

**Glen Arbor Township**  
*Notes to Financial Statements*  
March 31, 2004

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***Note 1 - Description of Operations and Fund Types***

Glen Arbor Township is a common law township as defined by the laws of the State of Michigan. An elected Supervisor and Township Board govern the Township. The current state taxable value is \$231,139,645 and the 2000 census reported a population of 788.

***A. Reporting Entity***

The criteria established by Statement 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

***B. Basis of Presentation***

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

***Governmental Funds***

***General Fund*** - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state distributions, and other intergovernmental revenues.

***Special Revenue Funds*** - These Funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The two Special Revenue Funds currently maintained by the Township are the Emergency Services Fund and the Streetscape Fund.

***Debt Service Fund*** - This Fund is used to account for property taxes levied to finance the long-term debt for the Public Safety Building. The Township is also accounting for the construction activities of the Public Safety Building in this fund.

***Fiduciary Funds***

***Trust and Agency Funds*** - Trust and Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Tax Collection Fund belongs to this fund group.

***Account Groups***

***General Fixed Assets Account Group*** - This Account Group presents the fixed assets of the local unit utilized in its general operations (non-proprietary fixed assets).

***General Long-Term Debt*** - This Account Group presents the general obligation long-term debt that is not recorded in or payable from other funds.

**Glen Arbor Township**  
*Notes to Financial Statements*  
March 31, 2004

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**Note 2 - Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The Township maintains its accounting records using the modified cash basis method of accounting. Accordingly, revenues are recorded when received and expenditures are recorded when paid.

The general fixed asset account group is not a fund. It is concerned only with the measurement of financial position. It is not involved with measuring the results of operations.

**B. Budgets**

General Fund and Special Revenue Fund types are under formal budgetary control. Budgets are not required for Capital Project Funds. Accordingly, no budgetary information is included with these financial statements. The financial statements for these funds were prepared on a basis not significantly different from the modified cash basis used to reflect actual results and consist only of those amounts contained in the budget amounts provided by the Clerk.

In the body of the combined financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a function basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

Encumbrance accounting is not used and appropriations normally lapse at year-end.

**C. Fixed Assets**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are excluded from general fixed assets as such items are immovable and of value only to the Township. No depreciation has been provided on general fixed assets.

Fixed Assets are recorded at historical cost. Donated fixed assets are valued at the fair market value as of the date received.

**D. Property Taxes**

The Township collects property taxes between December 1 and February 28. Any uncollected real property taxes that become delinquent March 1 are purchased (paid) by Leelanau County after the Township's year-end. Delinquent property taxes and administration fees receivable are not normally received within 60 days of the Township's fiscal year end, and are therefore reflected as deferred revenue on the combined balance sheet.

**Glen Arbor Township**  
*Notes to Financial Statements*  
March 31, 2004

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**Note 2 - Summary of Significant Accounting Policies - continued**

E. Total Column

The total column on the financial statements is captioned (Memo Only) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

**Note 3 - Material Violations of Legal and Contractual Provisions**

Budget Compliance

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated.

During the year ended March 31, 2004, the Township had expenditures in excess of amounts appropriated as follows:

	Budget	Actual	Variance
General Fund: Streets & Sidewalks	\$ 39,900	\$ 42,083	\$ (2,183)
Emergency Services Fund: Fire	146,314	156,907	(10,593)
Streetscape Fund: Expenditures	-	5,130	(5,130)
Streetscape Fund: Transfers Out	-	985	(985)

The Bond Resolution requires establishment of a separate Construction Fund and Debt Service Fund. The Township elected to establish one Debt Retirement Fund and report both capital project and debt retirement activities in one fund.

**Note 4 - Deposits with Financial Institutions**

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by act No. 217, Public Acts of 1982 and Public Act 196 of 1997, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- A. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- B. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with Subsection (2).
- C. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase.
- D. In United States government or Federal agency obligation repurchase agreements.
- E. In banker's acceptances of United States banks.

**Glen Arbor Township**  
*Notes to Financial Statements*  
 March 31, 2004

**Note 4 - Deposits with Financial Institutions – continued**

F. In mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

**B. Types of Deposits and Investments**

The Township maintains its surplus funds with local banks in the form of savings/checking accounts. Also, it has funds invested with Huntington Bank in an Automated Funds Investment Account (AFI). The accounts have holdings in repurchase agreements, U.S. Government guaranteed securities, and U.S. Treasury securities. Due to the liquidity of these accounts, the Township considers them to be cash equivalents. The Township's deposits are categorized to give an indication of the level of risk assumed by the Township at March 31, 2004.

Category 1 Insured or collateralized with securities held by the entity or its agent in the entity's name.

Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in entity's name.

Category 3 Un-collateralized

		Category			
	Balance	1	2	3	Total
Cash Deposits	\$ 1,022,556	\$ 595,719	\$ -	\$ 426,837	\$ 1,022,556
Cash Equiv.	328,581	-	328,581	-	328,581
Total	<u>\$ 1,351,137</u>	<u>\$ 595,719</u>	<u>\$ 328,581</u>	<u>\$ 426,837</u>	<u>\$ 1,351,137</u>

**Note 5 - Changes in General Fixed Assets**

Fixed assets in the General Fixed Asset Group of Accounts as of March 31, 2004, are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 453,958	\$ -	\$ -	\$ 453,958
Land Improvements	262,071	20,249	-	282,320
Buildings	183,256	1,267,667	-	1,450,923
Building Improvements	209,783	65,256	-	275,039
Equipment and Furniture	559,730	150,875	-	710,605
Vehicles	601,728	-	-	601,728
Total	<u>\$2,270,526</u>	<u>\$1,504,047</u>	<u>\$ -</u>	<u>\$3,774,573</u>



**Glen Arbor Township**  
*Notes to Financial Statements*  
 March 31, 2004

**Note 6 - Long-Term Debt**

The following is a summary of debt transactions including revisions to beginning balances for the Capital lease Obligations, for the Township for the year ended March 31, 2004:

	Notes Payable			Bonds	
	Fire Truck	Air Packs	2 Tahoes	Payable	Total
Beginning Balance	\$ 79,683	\$ 14,419	\$ 45,711	\$1,760,000	\$1,899,813
New Borrowing	3,299	462	-	-	3,761
Principle Payments	-	4,433	16,071	-	20,504
Ending Balance	<u>\$ 82,982</u>	<u>\$ 10,448</u>	<u>\$ 29,640</u>	<u>\$1,760,000</u>	<u>\$1,883,070</u>

**A. Notes Payable**

In September 1997, the Township entered into a capital lease with Emergency One, Inc. for a fire truck. On December 23, 2003, the capital lease was refinanced with a note payable to State Savings Bank Empire. The note requires 3 annual payments of \$28,678 including interest beginning April 1, 2004 with a fixed interest rate of 2.85%.

In April 2001, the Township entered into a capital lease with Kansas State Bank of Manhattan for the purchase of 10 self-contained breathing apparatuses (Air Packs). On May 29, 2003, the capital lease was refinanced with a note payable to Huntington National Bank. The note requires 36 monthly payments of \$435 including interest beginning July 5, 2003 at an interest rate of 3.25%

The Township entered into an installment loan to purchase 2 rescue and fire vehicles. The loan was refinanced in April of 2003 and requires quarterly installments of \$4,332 including interest of 2.95% per annum. The loan now matures in November 2005.

Future payments under the installment loan for fiscal year ending March 31:

Year	Fire Truck	Air Packs	2 Tahoes	Total
2005	\$ 28,678	\$ 5,221	\$ 17,328	\$ 51,227
2006	28,678	5,221	12,996	46,895
2007	28,678	1,740	-	30,418
Total Payments	86,034	12,182	30,324	\$128,540
Less: Interest	<u>3,052</u>	<u>1,734</u>	<u>684</u>	<u>5,470</u>
	<u>\$ 82,982</u>	<u>\$ 10,448</u>	<u>\$ 29,640</u>	<u>\$123,070</u>

**B. Bonds Payable**

On October 1, 2002, the Township issued bonds in the principal amount of \$1,760,000 for the purpose of defraying costs of the construction of a Public Safety Building. The bonds are secured by and payable through an annual property tax levy sufficient to pay the interest and principal as they fall due. The principal retirements are due November 1 with interest payable November 1 and May 1 each year. Listed below is a schedule of annual principal requirements and interest rates for years ending March 31:

**Glen Arbor Township**  
*Notes to Financial Statements*  
 March 31, 2004

**Note 6 - Long-Term Debt – continued**

	Annual Principal Requirements	Interest Rate
2005-2006	\$ 30,000 per year	5%
2007	40,000 per year	5%
2008-2009	45,000 per year	5%
2010-2011	50,000 per year	5%
2012	55,000 per year	5%
2013-2014	60,000 per year	5%
2015	65,000 per year	5%
2016-2017	70,000 per year	5%
2018	75,000 per year	5%
2019	80,000 per year	5%
2020	85,000 per year	5%
2021	90,000 per year	5%
2022-2023	95,000 per year	5%
2024	100,000 per year	5%
2025	110,000 per year	5%
2026	115,000 per year	5%
2027	120,000 per year	5%
2028	125,000 per year	5%

Debt Service requirements for Bonds Payable in fiscal years ending March 31:

	Payments	Principal	Interest
2005	\$ 117,250	\$ 30,000	\$ 87,250
2006	115,750	30,000	85,750
2007	124,000	40,000	84,000
2008	126,875	45,000	81,875
2009	124,625	45,000	79,625
2010-2014	634,625	275,000	359,625
2015-2019	640,500	360,000	280,500
2020-2024	642,375	465,000	177,375
2025-2028	<u>518,250</u>	<u>470,000</u>	<u>48,250</u>
	<u>\$ 3,044,250</u>	<u>\$ 1,760,000</u>	<u>\$ 1,284,250</u>

**Note 7 – Lease Agreement**

The Township leases ground space to an outside party for the location of a telecommunications tower. All costs associated with tower are the responsibility of the outside party. In addition, the Township receives \$1,384 per month base rent increased annually by the greater of 5% or a consumer price index adjustment. Lease revenues for the year ended March 31, 2004 were \$19,198. The initial term of the lease is for ten years and began in November 1997.

**Glen Arbor Township**  
*Notes to Financial Statements*  
March 31, 2004

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***Note 8 – Risk Management***

The Township pays an annual premium to Municipal Underwriters of Michigan for its general insurance coverage through the Michigan Township Participating Plan. The Township carries coverage for property damage, liability, wrongful acts, automobile, crime, and inland marine claims. Also, it carries worker's compensation insurance with The Accident Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

***Note 9 – Prior Period Adjustment***

Beginning fund balances were adjusted to reflect property taxes received on the modified cash basis of accounting.

***Note 10 – Contingencies***

An agreement with North Flight Inc. for services of a paramedic, EMT Specialist and EMT dated April 1, 2003 appears to have been under-invoiced by North Flight approximately \$88,600. The Clerk and Fire Chief were not aware whether the Township would be invoiced for the contract difference and no contingently liability was recorded.

SUPPLEMENTAL DATA SECTION

# Glen Arbor Township

Schedule 1

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Modified Cash Basis

For the Year Ended March 31, 2004

	Budget	Actual	Favorable (Unfavorable)
<i>Revenues</i>			
Property Taxes	\$ 125,800	\$ 131,177	\$ 5,377
Interest/Penalties on Taxes	700	14,954	14,254
Property Tax Admin. Fee	62,800	66,055	3,255
Land Division Fees	200	1,350	1,150
Land Use Permits	1,500	1,850	350
State Shared Revenue	62,480	60,611	(1,869)
Zoning Fees	250	2,050	1,800
Boat Ramp Fees	4,500	4,016	(484)
Photocopies	40	140	100
Zoning Ordinances	30	15	(15)
Hall Usage	2,000	6,025	4,025
Park Usage	1,200	1,610	410
Refunds & Reimbursements	-	-	-
Interest Earned	4,500	3,691	(809)
Cable TV Fee	1,800	3,408	1,608
Tower Rent	6,250	19,198	12,948
Miscellaneous	-	252	252
<i>Total Revenues</i>	274,050	316,402	42,352
<i>Expenditures</i>			
<i>General Government</i>			
Township Board	61,400	43,070	18,330
Supervisor	13,424	12,309	1,115
Clerk	30,470	30,236	234
Board of Review	1,850	1,353	497
Treasurer	30,238	26,048	4,190
Assessor	39,172	36,261	2,911
Elections	2,250	1,135	1,115
Township Hall & Grounds	129,737	91,210	38,527
Cemetery	1,000	1,000	-
<i>Total General Government</i>	309,541	242,622	66,919
<i>Public Works</i>			
Streets and Sidewalks	39,900	42,083	(2,183)
Boat Ramp	5,000	2,728	2,272
Airport Maintenance	750	750	-
<i>Total Public Works</i>	45,650	45,561	89

See Accompanying Notes to Financial Statements

# Glen Arbor Township

Schedule 1

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Modified Cash Basis

For the Year Ended March 31, 2004

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
Community & Economic Development			
<i>Zoning &amp; Planning</i>	43,715	41,965	1,750
Recreation & Cultural			
<i>Parks &amp; Recreation</i>	25,850	22,644	3,206
<i>Library</i>	700	360	340
<i>Total Recreation &amp; Culture</i>	26,550	23,004	3,546
Other Functions			
<i>Contingency</i>	10,000	-	10,000
<i>Employer Payroll Taxes</i>	8,700	7,808	892
	18,700	7,808	10,892
<i>Total Expenditures</i>	444,156	360,960	83,196
<i>Excess Revenues (Expenditures)</i>	(170,106)	(44,558)	125,548
<i>Other Financing Sources (Uses)</i>			
Operating Transfers In	-	985	985
Operating Transfers (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	985	985
<i>Excess Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	<u>\$ (170,106)</u>	(43,573)	<u>\$ 126,533</u>
Fund Balance - Beginning of Year		451,748	
Prior Period Adjustment		(11,572)	
Fund Balance - End of Year		<u>\$ 396,603</u>	

See Accompanying Notes to Financial Statements

**Glen Arbor Township**

Schedule 2

*Special Revenue Funds  
Combining Balance Sheet  
Modified Cash Basis  
March 31, 2004*

	<i>Emergency Services Fund</i>	<i>Streetscape Fund</i>	<i>Total</i>
<b>Assets</b>			
Cash & Cash Equivalents	\$ 449,120	\$ -	\$ 449,120
Due from Other Funds	31,053	-	31,053
<i>Total Assets</i>	<u>\$ 480,173</u>	<u>\$ -</u>	<u>\$ 480,173</u>
<b>Liabilities &amp; Fund Equity</b>			
Deferred Revenue	\$ -	\$ -	\$ -
Fund Balance	480,173	-	480,173
<i>Total Liabilities &amp; Equity</i>	<u>\$ 480,173</u>	<u>\$ -</u>	<u>\$ 480,173</u>

See Accompanying Notes to Financial Statements

# Glen Arbor Township

Schedule 3

## Special Revenue Funds

*Combining Statement of Revenues, Expenditures and Changes in Fund Balance*

*Modified Cash Basis*

*For the Year Ended March 31, 2004*

	<i>Emergency Services Fund</i>	<i>Streetscape Fund</i>	<i>Total</i>
<i>Revenues</i>			
Property Taxes	\$ 269,150	\$ -	\$ 269,150
State Shared Revenue	-	-	-
Charges for Services	117,663	-	117,663
Interest	3,004	79	3,083
Miscellaneous	1,374	-	1,374
<i>Total Revenues</i>	<u>391,191</u>	<u>79</u>	<u>391,270</u>
<i>Expenditures</i>			
Public Safety	389,611	-	389,611
Public Works	-	5,130	5,130
<i>Total Expenditures</i>	<u>389,611</u>	<u>5,130</u>	<u>394,741</u>
<i>Excess Revenues (Expenditures)</i>	1,580	(5,051)	(3,471)
<i>Other Financing Sources (Uses)</i>			
Proceed from Debt	3,761	-	3,761
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	(985)	(985)
<i>Total Other Financing Sources (Uses)</i>	<u>3,761</u>	<u>(985)</u>	<u>2,776</u>
<i>Excess Revenue &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	5,341	(6,036)	(695)
Fund Balance - Beginning of Year	490,360	6,036	496,396
Prior Period Adjustment	<u>(15,528)</u>	<u>-</u>	<u>(15,528)</u>
Fund Balance - End of Year	<u><u>\$ 480,173</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 480,173</u></u>

See Accompanying Note to Financial Statements



# Glen Arbor Township

Schedule 4

## Emergency Services Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Modified Cash Basis

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<i>Revenues</i>			
Property Taxes	\$ 251,220	\$ 269,150	\$ 17,930
State Grant	-	-	-
EMS Contracts	-	91,939	91,939
EMS/Ambulance Fees	9,000	25,724	16,724
Interest	1,500	3,004	1,504
Miscellaneous	1,000	1,374	374
<i>Total Revenues</i>	262,720	391,191	128,471
<i>Expenditures</i>			
<i>Fire</i>			
Fire Chief Wages		17,000	
Assistant Chief Wages		1,177	
Suppression Service Wages		14,000	
Physicals		6,041	
Clothing/Uniforms		2,438	
Education & Training		9,304	
Supplies		7,950	
Office Expense		3,067	
Insurance		17,701	
Due, Fees & Subscriptions		4,660	
Inspection & Certification		1,416	
Vehicle Fuel & Oil		1,528	
Utilities		16,595	
Vehicle Maintenance		4,471	
Storage Building		1,500	
Bank Fees		313	
Finance Charges		151	
Legal		-	
Miscellaneous		27	
Fire Hall Maintenance		9,535	
Capital Outlay		20,823	
1997-Truck Debt Interest		3,299	
Fire Truck Debt - Principle		8,036	
Fire Truck Debt - Interest		628	
Air Pack Debt - Principle		4,433	
Air Pack Debt - Interest		814	
	146,314	156,907	(10,593)

See Accompanying Notes to Financial Statements

# Glen Arbor Township

Schedule 4

## Emergency Services Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Modified Cash Basis

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
EMS			
Director Wages		1,221	
Attendant Wages		12,047	
On Call Wages		11,071	
Medicare Taxes		851	
Social Security Taxes		3,504	
Physicals		1,047	
Clothing & Uniforms		1,637	
Training & Education		2,535	
Supplies		9,738	
Office Supplies		739	
Insurance		-	
Due, Fees & Subscriptions		251	
Inspection & Certification		350	
Vehicle Fuel & Oil		1,152	
Utilities		224	
Vehicle Maintenance		1,834	
North Flight - EMT		144,872	
North Flight - Administration Fee		7,183	
North Flight - Billing Fee		2,081	
Collection Fees		471	
EMT Housing		317	
Emergency Occurrences		-	
Miscellaneous		-	
Capital Outlay		20,916	
Ambulance Debt - Principle		8,036	
Ambulance Debt - Interest		627	
	<u>249,543</u>	<u>232,704</u>	<u>16,839</u>
Other Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Expenditures</i>	<u>395,857</u>	<u>389,611</u>	<u>6,246</u>

See Accompanying Notes to Financial Statements

# Glen Arbor Township

Schedule 4

## Emergency Services Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Modified Cash Basis

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Excess Revenues (Expenditures)	(133,137)	1,580	134,717
Other Financing Sources (Uses)			
Proceeds from Debt	-	3,761	3,761
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,761</u>	<u>(3,761)</u>
Excess Revenues & Other Sources Over (Under) Expenditures & Other Uses	<u>\$ (133,137)</u>	5,341	<u>\$ 138,478</u>
Fund Balance - Beginning of Year		490,360	
Prior Period Adjustment		<u>(15,528)</u>	
Fund Balance - End of Year		<u>\$ 480,173</u>	

# Glen Arbor Township

Schedule 5

## Streetscape Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Modified Cash Basis

For the Year Ended March 31, 2004

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
State Grants	\$ -	\$ -	\$ -
Interest	-	79	79
Miscellaneous	-	-	-
<i>Total Revenues</i>	-	79	79
<i>Expenditures</i>			
Bank Fees	-	30	(30)
Professional Services	-	-	-
Capital Improvements	-	5,100	(5,100)
<i>Total Expenditures</i>	-	5,130	(5,130)
<i>Excess Revenues (Expenditures)</i>	-	(5,051)	(5,051)
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	(985)	(985)
<i>Total Other Financing Sources (Uses)</i>	-	(985)	(985)
<i>Excess Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	<u>\$ -</u>	(6,036)	<u>\$ (6,036)</u>
Fund Balance - Beginning of Year		<u>6,036</u>	
Fund Balance - End of Year		<u>\$ -</u>	

See Accompanying Notes to Financial Statements

**Glen Arbor Township**  
*Public Safety Building Debt Service Fund*  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
*Modified Cash Basis*  
**For the Year Ended March 31, 2004**

Schedule 6

	<u>Actual</u>
<i>Revenues</i>	
Current Property Taxes	\$ 105,665
Delinquent Property Taxes	6,346
Earned Interest	<u>7,580</u>
<i>Total Revenues</i>	119,591
<i>Expenditures</i>	
Bank Fees	471
Capital Outlay - Construction	1,267,668
Capital Outlay - Equipment & Furnishings	98,091
Bond Interest	<u>80,233</u>
<i>Total Expenditures</i>	<u>1,446,463</u>
<i>Excess Revenues (Expenditures)</i>	(1,326,872)
<i>Other Financing Sources (Uses)</i>	
Proceeds From Sale of Bonds	-
Operating Transfer (In)	-
Operating Transfer (Out)	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>
<i>Excess Revenue &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	(1,326,872)
Fund Balance - Beginning of Year	1,564,551
Prior Period Adjustment	<u>(6,370)</u>
Fund Balance - End of Year	<u><u>\$ 231,309</u></u>

See Accompanying Notes to Financial Statements